App. F. IX-4

Previous References.

1948-49
(CB)

File No. 390-48

Serial Nos. 1

Later References.

GENERAL AND REVENUE SECRETARIAT

Serial Nos. One

Part B for Jan 49.

SUBJECT

Remission of the Mysore Subsidy.

JDRao 17/2

Serial No.

Remission of the Mysore Subsidy.

The correspondence has been printed up-to-date. The latest letter is the D.O. letter addressed by the Dewan to the Resident on 15.11.45.

Pages 31-32 of printed compilation below.

On page 32 of the printed compilation notes of the Dewan's interview with the Political Adviser, and the Finance Member, at Delhi in November 1945, are noted.

No reply appears to have been yet received from the Govt. of India.

Draft of a further letter that may be addressed to the Residency, is put up as directed.

C Adamaya
7/4/46

Fin. Secy.)

B
9.4.46

Dewan)

Journal letter No. 1649/45-46, dated 11.4.1946 from the Dewan to the Private Secretary to His Highness the Maharaja of Mysore, forwarding for submission to His Highness a copy of a letter which he proposes to address to the Hon'ble the Resident on the subject of the remission of the Subsidy.

Copy in 2(b)

NOTE—Contn. Sheet.

File No. of 194

General and Revenue Secretariat

Serial No.

Issued letter No. 3314/45-46 dated 11.4.1946 from the Dewan to P.J. Patrick Esq C.S.I. Private Secretary to the Secretary of State for India, Viceroy's House New Delhi, enclosing a copy of the Official representation regarding the remission of the Mysore Subsidy about which he spoke to him in London & which he mentioned also to the Rt. Hon'ble Mr. Henderson during his visit with him.

Copy in file

Issued D.O. letter No. 1609/105-46 dated 11.4.1946 from the Dewan to the Hon'ble the Resident in Mysore, Bangalore re: the Mysore Subsidy.

Copy in file

(Fin. Secy)

15/4/46.

DEWAN'S OFFICE 15-4-46. No. 6350.

B

16/4.

(Chief Secy)

16 APR. 1946 GOVT OF MYSORE

C.B.

This question will be settled shortly.

16/4/46

CONFIDENTIAL BRANCH, G. A. S. No. 4095 Dt. 19/4

3075

CB

3/6/47

3/6/47

Submitted

The matter is apparently settled by

General and Revenue Secretariat

Mysore Subsidy.

File No. 4142 CB of 1948.

Serial No.

the Constitutional Changes that have taken place since and the lapse of Paramountcy.

Before closing the file, the Pl. Secy. may be consulted whether any payment of Subsidy has been made since 14.8.47 and whether there is any ~~Question~~ communication from the Govt. of India on the subject that is being dealt with in that Branch.

Secy
Pol
21.1.49

Secy
Pol
21.1.49

Question of the payment of Subsidy after lapse of paramountcy does not arise. Papers may be recorded

24/1

No subsidy was paid from the above said date viz. 14.8.49 nor was there any demand from the Govt. of India

Asst. Secy. (Pol.) 24/1/49

24.1.49
Secy
Pol
CONFIDENTIAL BRANCH

Note—Contn. Sheet

Issued 11.4.46

Bangalore,

No. 1649/45-46. 11th April 1946.
Enc. one.

My dear Sir Thumboo Chetty,

I send herewith for favour of submission to His Highness a copy of a letter which I propose to write to the Hon'ble the Resident on the subject of the remission of the subsidy.

Yours sincerely,

(sd.) N. Madhava Rau.

Amatya Siromani
Sir T. Thumboo Chetty, O.B.E.,
Private Secretary to His Highness
The Maharaja of Mysore,
(camp) FERN HILL.

" Copy. "

3814/1

11th April 1946.

Dear Sir Patrick,

Remission of Mysore subsidy.

I enclose herein a copy of our official representation regarding the remission of the Mysore subsidy about which I spoke to you in London and which I mentioned also to the Rt. Hon'ble Mr. Henderson during my interview with him.

I was anxious to meet Sir Kenneth Fitze but he had left for lunch by the time I finished my interview with Mr. Baxter. Please give him my regards.

With kind regards,

Yours Sincerely,
Sd. N. Madhava Rau

P.J. Patrick, Esq., C.S.I.,
Private Secretary to the
Secretary of State for India,
Viceroy's House,
NEW DELHI.

D.O. No. 1649/45-46.

Bangalore,

11th April 1946.

THE MYSORE RESIDENCY.

Dear Colonel Gairdner,

May I invite reference to my demi-official letter No.1649 dated 15th November 1945 in which the political and other substantive grounds for the abolition of the subsidy were set forth at some length? My object in reverting to the subject now is to bring to notice certain considerations which render the grant of relief a matter of urgency.

Owing to the widespread failure of the monsoon in 1945-46, there has been an unprecedented loss of crops necessitating the suspension and remission of land revenue to the extent of about Rs.30 lakhs. At the same time, measures for the relief of distress and avoidance of famine have been undertaken at a cost of about Rs.60 lakhs including Rs.20 lakhs representing the cost of equipment and stores ordered from the Government of India for the anti famine campaign. A policy of subsidising the sale of food stuffs has been adopted for some time past with a view to making essential articles of food available to the people at reasonable prices. The expenditure on this account, which stood at Rs.28.18 lakhs in 1944-45, is expected to go up to about Rs.80 lakhs during the current year.

While expenditure has thus increased, important items of State revenue are showing signs of decline, partly as an after-effect of war conditions. To mention only one instance, the Mysore Government have found it necessary to refund large amounts realised as Gold Duty to the Mining Companies in order to enable the latter to operate the mines properly and earn a reasonable profit. Meanwhile, a labour strike on the mines which has just ended after having lasted for 2 months and 14 days has seriously affected the State revenues under several heads. It is estimated that the loss of revenue due to stoppage of work on the Kolar Gold Field is about Rs.1/2 lakh per day.

The

The deterioration in the financial position resulting from these causes cannot be remedied by undertaking any large measures of retrenchment. The scales of salaries and dearness allowances of Government servants in this State are appreciably lower than in British India (or in the Civil and Military Station, Bangalore) and are not susceptible of reduction while the cost of living continues to be high. Nor can the Military and Police establishments, which were greatly expanded during the war, be brought to their former strengths without serious risk at the present time. The Food Control establishments which are being maintained at a heavy cost (Rs.8# lakhs per year) must also be continued for obvious reasons. The scope for retrenchment in other directions is negligible.

Though some reserve funds have been accumulated during the past few years, this has been largely due to the putting off of essential works which could not be undertaken on account of scarcity of materials and labour and the need for conserving all our resources for essential war purposes. Considerable sums have now to be spent on repairs and replacements, improvement of communications and overdue schemes of irrigation and economic development. The funds that would be available after meeting the revenue deficits which now appear inevitable would be wholly insufficient for carrying out even an attenuated programme of post-war rehabilitation and development.

In these circumstances, it is earnestly hoped that His Excellency the Viceroy and the Central Government, who have been giving generous financial assistance to Provinces for famine relief and post-war development will not fail to extend their help to this State by abolishing the subsidy, or at any rate, by waiving its levy pending a final decision. It is scarcely necessary to add that such help, if now given, would be timely and for that reason all the more valuable to the State financially no less than as a gesture of sympathy from the Paramount Power.

Yours sincerely,
(Sd) K. Madhava Rau

The Hon'ble
Lt. Col. P. Saiford, CIE.,
Resident in Mysore
Bangalore.

Remission of the Mysore Subsidy.

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This question has been the subject of prlonged correspondence with the Government of India for several decades past. Three volumes of printed papers are placed below which give the history of the case up to December 1945. Relief from this impost is being demanded not only on financial grounds but also from the standpoint of the position and prestige of the State.

The amount of the subsidy was reduced by Rs.10½ lakhs (from Rs. 35 to 24½ lakhs) with effect from 1st April 1928, and in that connection His Excellency the Viceroy stated that:

Page 24 of Printed Compilation. Flag W (reverse)

> "We are not blind to what Your Highness personally has done to set an example of the fashion in which the Government of a great State should be conducted ... Mysore has perhaps a longer tradition of progressive government than any other State in India, and the Government of India can feel assured that any relief which they may feel it in their power to give will enure to the benefit of the people of your State."

Page 26 ibid.

In 1938, a further reduction in the amount of subsidy by Rs. 5,13,500 was made, in pursuance of the recommendations of the Davidson Committee. With these reductions, the subsidy now stands at Rs. 19,36,500. The question of the extinction of the subsidy has been further pressed in subsequent letters.

Flag W.
Flag Y

A concise account of the previous discussions has been given in a note that was sent by the Dewan on 7th November 1942. In a letter dated 9th February 1943 from the Resident, it was intimated that the "question of abolishing such payments altogether is a wider one which

cannot be decided in regard to any one isolated State or except as part of such adjustments between the Centre and the Indian States as must accompany any radical revision of the constitutional structure of India".

Flag X

In Dewan's letter dated 15th November 1945, the special grounds on which the request of the State deserved urgent consideration were again stressed. This was followed up by another letter from the Dewan dated 11th April 1946, in which it was requested that in view of the heavy expenditure that the State had to incur in connection with the relief of distress, food control, post-war developments etc., the subsidy might be abolished or at any rate, its levy might be waived pending a final decision on its abolition.

Flag Y. Z

WG
30/11/46